

Minutes of Second Injury Fund Advisory Board
Wednesday, June 15, 2011 Meeting
Approved by the Advisory Board on November 16, 2011

Office of the Treasurer
Second Injury Fund
Advisory Board
June 15, 2011

Present: Clifford G. Leach, The Hartford Financial Services Group, Inc.;
Daniel E. Krause, International Union of Operating Engineers;
Kathleen S. Jackson, Greater Hartford Chapter of the Coalition of Black
Trade Unionists;
Steve Palmer, Proxy for Senator Prague, Labor & Public Employees
Committee/General Assembly;
Joseph McPetridge, Northeast Utilities Service Co.;
Lori Pelletier, Connecticut AFL-CIO;
Adam Chiara, Proxy for Representative Zalaski, Labor & Public
Employees Committee/General Assembly
Kia Murrell, Connecticut Business and Industry Association

For the Fund: Maria M. Greenslade, Assistant Deputy Treasurer
Marge Fuller-Supple, Controller
Deborah D'Agostino, Collections
Hank Gaffney, Claims Manager

Meeting was called to order at 11:02am and was held by teleconference.

1. Welcome / Roll Call: Ms. Greenslade called the meeting to order and, welcomed the members to the Advisory Board. Ms. Greenslade announced 2 proxies for today's meeting: Steve Palmer had a proxy for Senator Prague and Adam Chiara had a proxy for Representative Zalaski. Ms. Greenslade asked that all members of the Board and Fund introduce themselves and state their titles. Ms. Murrell suggested that future meeting minutes include the organization each Advisory Board member represents. Other members of the Board agreed with this suggestion. All Fund and Advisory Board members introduced themselves.

2. Election of Chairperson: Ms. Greenslade proceeded with the Election of the new Chairperson. Ms. Greenslade explained that all appointments to the Advisory Board are for a four year term which expires on December 31, 2014. Ms. Greenslade called for nominations for Chairperson of the Second Injury Fund Advisory Board. Ms. Jackson asked that the role of the chairperson be explained to the Board. Ms. Greenslade stated the chairperson would work with her or a member of her staff to prepare the meeting agenda, determine meeting dates and chair all Advisory Board Meetings.

Ms. Jackson nominated Ms. Pelletier as Chair of the Second Injury Fund Advisory Board. Mr. Palmer seconded the motion. There was no further discussion and the motion passed

unanimously. Ms. Pelletier thanked Advisory Board members for the nomination and unanimous approval. Ms. Pelletier took over as chair of the meeting.

3. Adoption of Minutes: Ms. Pelletier invited discussion of the minutes of the October 6, 2010 meeting. Ms. Murrell questioned if the minutes could be adopted by this Board since a majority of them had not participated in the October meeting. Ms. Greenslade explained that the minutes could be adopted as to form by the Board. Ms. Murrell moved to adopt the October 6, 2010 meeting minutes as to form and not substance. Mr. McFetridge seconded the motion. The motion passed unanimously.

4. Update on Operation of the Fund: Ms. Pelletier asked Ms. Supple to present an update on the financial operation of the Fund. Ms. Supple stated that the total operating revenues for Fiscal Year 2010 were \$30 million; total operating expenses were \$45 million with a net loss of \$15 million. There remained \$37.8 million as carry over resources for the Fund. For fiscal year 2011, through May 2011, total revenues thus far are \$32 million; total expenses are \$38 million with a net loss of \$6 million. \$32 million remain as carry over resources. Ms. Supple stated that assessment rates for Fiscal Year 2012 were maintained at the same rates as Fiscal Year 2011. Ms. Supple also explained that the Advisory Board, for the past 3-4 years, has strongly recommended that the assessment rate be increased or decreased gradually, avoiding large fluctuations. The Board has also recommended that the Fund utilize all carry over resources accumulated from early payoff of debt and the 2006 change in the law. The Fund has continued to maintain at least one quarter's worth of expenses as cash on hand. This equates to approximately \$10-\$20 million.

Ms. Greenslade advised members that a copy of the letter setting the assessment rate for Fiscal Year 2012, issued by the Treasurer on May 1, 2011, was included in the meeting packet sent to members.

Ms. Greenslade asked Mr. Gaffney to provide an update on the Claims Unit. Mr. Gaffney reported that claim activity has remained consistent with the exception of settlement of the higher value claims. As a result, Fiscal Year 2011 payments are expected to be in the area of \$33 million, significantly lower than the \$38 million average payout over the past several years. The reason for the reduction is that most of the "second injury" claims with ongoing disability benefits have progressed to the point where settlement is no longer a viable option. As an example, Mr. Gaffney noted that the Fund typically settled twelve "second injury" cases with ongoing disability benefits each year, but there will be only three such settlements paid in Fiscal Year 2011.

5. Legislative Update: Ms. Greenslade brought Public Act 10-11 regarding late payments on assessments to everyone's attention. A copy of the Public Act was included in the meeting materials mailed to Board members.

Ms. Greenslade then asked Mr. Gaffney to give an update on the 2011 Legislative Session. Mr. Gaffney noted that the Fund identified 9 bills of interest to the Fund. Of those bills only one would have had a financial impact on the Fund; however none of the bills became law.

6. Review and Adoption of Advisory Board Protocols: Ms. Pelletier asked the board if they had a chance to read the Advisory Board protocols included in the meeting materials. She requested a motion to adopt the protocols as written. Ms. Jackson moved for adoption of the protocols. Mr. McFetridge seconded the motion. The motion passed unanimously and the protocols were adopted.

7. Other Business: Ms. Greenslade announced that the Annual Report on the Financial Condition of the Fund must be submitted to the Governor by July 1, 2011. The report will include estimated numbers through June 29. Members of the Advisory Board will receive a copy of the letter and Annual Report once issued by the Treasurer.

Ms. Greenslade advised Board members there are two meetings per year and the next meeting is scheduled for November 16, 2011 at 11AM. Ms. Pelletier asked if there were any objections to the meeting date and time. Seeing none the meeting date and time stands. Ms. Pelletier then requested a motion to hold future meetings by telephone conference call. Ms. Jackson moved the motion. Mr. McFetridge seconded the motion. Ms. Pelletier asked for discussion.

Ms. Murrell suggested the protocols be amended to reflect all future meetings be held by teleconference rather than requiring consent of the Advisory Board. Ms. Greenslade noted that in the past quorums of the Advisory Board were obtained more often when meetings were held by teleconference. Ms. Greenslade also noted that if changes were made to the protocols, all future Advisory Boards would be affected. The Board should decide if they wanted to authorize teleconference meetings for the next 4 years only or for the foreseeable future. After further discussion the motion passed unanimously.

Ms. Greenslade advised the Board that the Treasurer was contemplating a meeting with stakeholders to discuss the future of the Fund. Ms. Greenslade stated that when the Treasurer took office in 1999, she established a Blue Ribbon Commission to review the Fund and set goals. Since thirteen years have passed, it is once again time to review the future of the Fund (the next 5-10 years). Ms. Greenslade asked Board members to consider who the stakeholders are, and noted that this will be an action item beginning with the November Agenda.

Ms. Pelletier asked members if there was any further business. Ms. Jackson moved to adjourn the meeting. Mr. McFetridge seconded. Motion passed unanimously.

Meeting was adjourned at 11:26.